Attendees

Co-Conveners:
Stephen Bernath (via phone) & Craig Partridge

Workgroup Members:
John Arum, Tim Boyd, Clare Breidenich, Michelle Connor, Kyle Davis (via Phone), Miguel Perez-Gibson, Jay Gregory (for Llewellyn Matthews), Edie Sonne Hall, Adrian Miller, John Miller, Phil Rigdon, Bill Robinson, Paula Swedeen. Absent: Nina Carter, Danielle Dixon, Bettina von Hagen, Steve Stinson

Guests:
Dr. John Perez-Garcia, University of Washington

Observers:
Feliz Ventura, CTED
Anthony Chavez, Weyerhaeuser (alternate)
Cathy Halloran, US Forest Service (via phone)
Gary Wilburn, Washington State Senate Democratic Caucus (via phone)
Mary Fleckenstein, House Democratic Research Staff

Staff support:
Jerry Boese and Andy Chinn, Ross & Associates Environmental Consulting

Background Documents for this meeting are available online at
http://www.ecy.wa.gov/climatechange/2008FA_for.htm

General Workgroup Business

- The next meeting of the Climate Action Team (CAT) is on July 25th in Spokane. Clare Breidenich has agreed to deliver a summary of the Forest Sector workgroup at the meeting, and Commissioner Doug Sutherland of DNR will also be prepared to discuss the group's work.
- The Washington State House Ecology and Parks committee has scheduled a hearing on July 21st at 2 pm to hear a summary of each of the climate workgroup efforts. Stephen Bernath will present a PowerPoint at the meeting for the Forest Sector workgroup; the PowerPoint will be circulated to workgroup members when it is ready.
- On August 4th the Washington State House and Senate Democratic Caucus is convening a meeting to hear about the status of climate work in Washington. The co-conveners will not be available. John Miller, Adrian Miller, and Miguel Perez-Gibson volunteered to participate along with Jerry Boese on behalf of the Forest Sector working group.
- On July 8th, the Washington State Energy Facility Site Evaluation Council (EFSEC) issued an ownership transfer order for PacifiCorp for the Chehalis Combined Cycle power plant, and one of the transfer conditions was for PacifiCorp to perform additional greenhouse gas (GHG) mitigation. PacifiCorp negotiated $1.5 million for offset projects, some of which could be used for Washington pilot projects recommended by the Forest Sector workgroup.

Design of Avoided Conversion Project Type

Ecosystem Service Districts

The workgroup turned to a discussion of the document on ecosystem service districts. Members pointed out that urban areas could avoid the need to engineer pollution control systems if the problem of runoff could be stopped by natural systems earlier in the process. Urban areas that benefit from ecological services should provide revenue for those services, and there is empirical evidence of support for a market mechanism to provide such revenue. Workgroup members provided the following comments:

- It is important to recognize that carbon value alone is unlikely to stop conversion.
- Given that this proposal does not directly address carbon, it is somewhat outside of the workgroup's mission and further elaboration will require time and effort by another entity.
- 75% of the land within Water Resource Inventory Area (WRIA) 19 is owned by private timber companies. It would be economically beneficial to the timber companies to sell their land to developers for subdivisions, but domestic water supply is a major issue in that area. It is important that the ecosystem services discussion is carried forward bearing in mind larger issues such as this.
- Conceptually, the availability of an ecosystem services revenue stream alternative is important. The workgroup could recommend creating a series of best management practices since many counties are unaware of the tradeoff that is made when they choose to develop. The education component is critical, particularly the need to provide counties with technical solutions.

Embodied GHG Emissions

The workgroup discussed the document on embodied GHG emissions drafted by the avoided conversion subgroup. Embodied GHG emissions are another indirect incentive for avoided conversion to make working forests viable. Green building standards, in theory, should benefit wood products because such products represent low embodied emissions compared to other building materials. Washington supports the LEED standard, but LEED to date has omitted life cycle analysis for building materials. The proposal from the subgroup is to use a standard that incorporates life cycle analysis by encouraging the Green Building Council to incorporate life cycle analysis. Workgroup members provided the following comments:

- There is a need to go beyond this recommendation since green buildings only represent a small number of buildings in Washington state. One possibility is to have embodied GHG considered when building codes are amended, and /or including embodied GHG emissions as a mitigation policy under SEPA.
- Local building officials are resistant to amending the International Building Code because it could open the door for any number of changes/amendments.

Parcels Database

The workgroup discussed the proposal for a parcels database. The database would provide a biennial update on forest cover information which could lead to an understanding of forestry projects and conversion rates. Assuming that forestry projects under a carbon market become eligible for offsets, the database will be a critical tracking tool. Workgroup members provided the following comments:

- The proposal as written is necessary but not sufficient to develop an offset project for working forests; it will be necessary to quantify the volume of carbon stored on forested acres. As an added element, the workgroup could recommend putting more resources into the USDA's Forest Inventory & Analysis (FIA) database.
- In terms of carving out possible emissions targets, the parcels database will help to determine conversion rates. In an offset market, the actual measurement of carbon change and baseline will occur on a project-by-project basis (unless baselines reflect regional averages).

- The proposal is useful as a starting point to select sample plots and develop a forest-by-forest carbon inventory in order to establish a baseline.
- If the data proposal is extended to include the federal (FIA) level, the workgroup should recommend that the state delegation push for funding as a national pilot project.

Informational Presentation: Forest Carbon Protocols

Workgroup members received an informational presentation on forest carbon protocols from Dr. John Perez-Garcia of the University of Washington. Dr. Perez-Garcia's PowerPoint presentation is available on the Forest Sector Workgroup's webpage (http://www.ecy.wa.gov/climatechange/2008FA_for.htm).

Discussion of Avoided Conversion through Smart Growth

Michelle Connor and Clare Breidenich presented the proposal described in the paper "Avoided Forest Conversion through Smart Growth Offset Program" (which was emailed to the Workgroup on 7/7), based on the original concept that implementation of smart growth policies has the potential to reduce development pressure on forestlands, thereby reducing GHG emissions. The subgroup originally discussed the idea of distributing credit for avoided conversion at the county level instead of the level of an individual parcel or development, but the concept evolved into the proposal that the state would take a programmatic approach to promoting state-wide smart growth policies. The subgroup felt that a state-wide approach would address the issue of leakage more effectively than a project-by-project approach.

The first steps in this process would be for the state to determine the baseline conversion level and create a state-wide conversion level target. The state would then quantify potential emissions reductions through smart growth policies and set-aside a number of greenhouse gas emission allowances associated with its target, from which the allowance auction revenue could be distributed to local governments. This would require the state to have specific policies and programs to qualify as allowances, with performance standards. The program could include an incentive payment to forest landowners and could pay for infrastructure in areas that accept development rights.

The proposal is represented graphically in Figures 1 and 2 below.

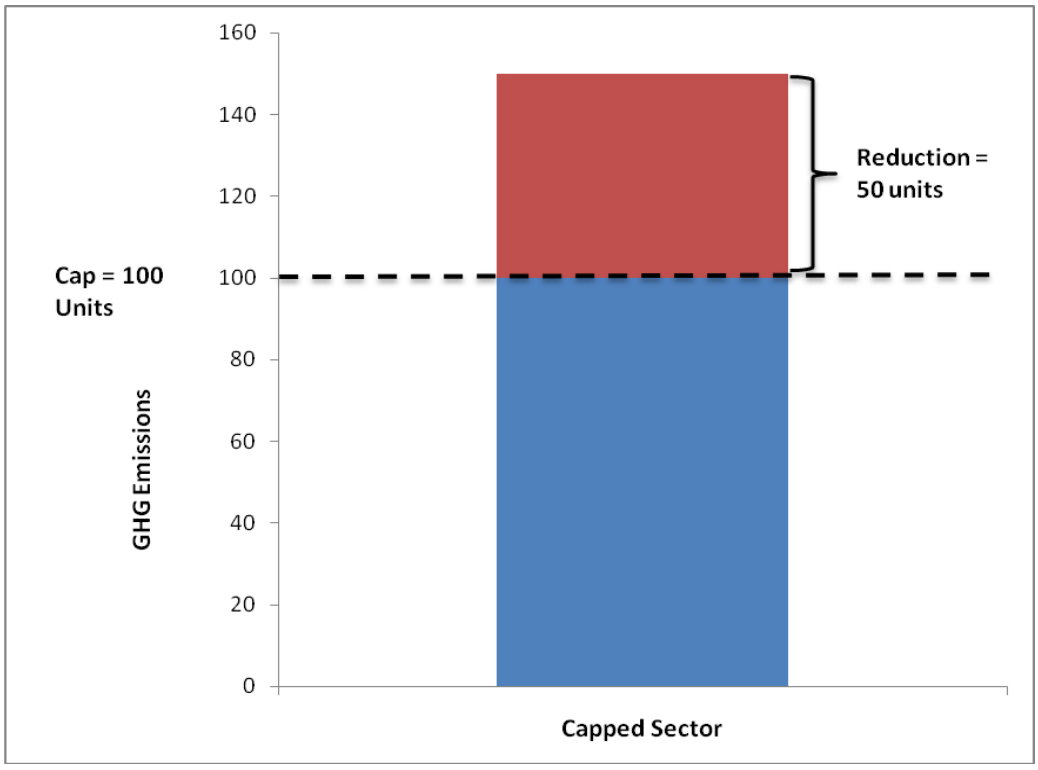

Figure 1: Cap system without allowances

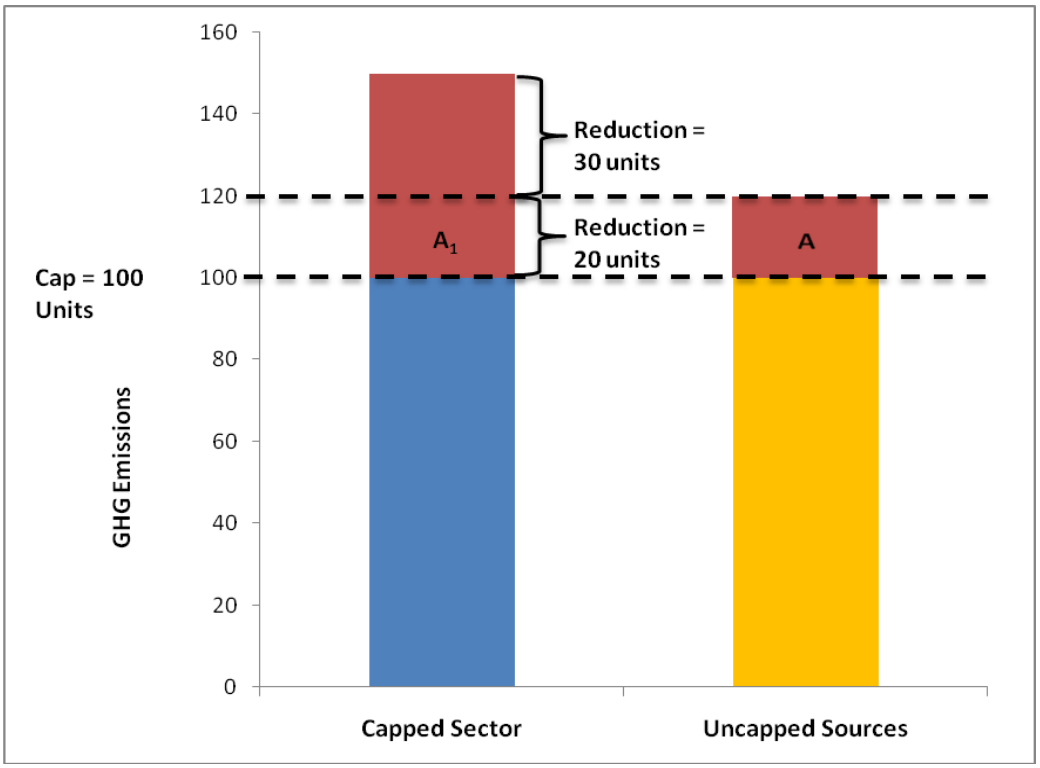

Figure 2: Cap system incorporating allowances from uncapped sources (see text)

In Figure 1, the state sets a theoretical emissions cap of 100 units out of a current level of 150. The capped sector must therefore reduce its emissions by a total of 50 units.

In Figure 2, the state sets the same cap of 100 units of emissions, but by estimating the effect of smart growth policies it can predict a 20 unit reduction in emissions from uncapped sources (area "A"). The reductions from area A would be purchased by the capped sector and the capped sector now must reduce its own emissions by 30 units instead of 50 as in the previous figure. The revenue from the sale of allowances for the 20 units can also be used as a financial incentive for participating jurisdictions. If a particular program does not return the expected emissions reductions, the state would retire those allowances.

Workgroup members provided the following comments:

- The proposed approach will require a statewide program with authorizing legislation and new processes for implementation. At the most recent subgroup meeting, members discussed creating a limited offset program on a pilot basis which could be done simply through rule making and would be much lower risk.
- As the seller of the allowances, the government is a price taker, meaning that there is no guarantee of a certain revenue level.
- Since there will still be forest loss due to development under the proposed project, the group could consider mitigation fees for forest loss. For example, if counties do not choose to pursue a smart growth option, consider a possible mitigation fee for those emissions.
- One option is for participating counties to negotiate with cities inside their boundaries, and county residents can decide if they are willing to pursue it.
- It is the position of the landowner community that incentive-based, voluntary participation should be the primary means by which to change behavior.
- The advantage to the proposed approach is that it creates a higher probability of participation because it avoids the strict offset rules.
- The proposal as drafted will require a fair amount of political capital to move forward in the legislature.
- Washington Counties successfully resisted having climate change included in seven year comprehensive plans during this year's legislative session. It will be tough to sell the proposed plan to the Association of Counties.
- Tribal nations interact at each level of government and each county is different. Many policies such as the one under consideration have unintended consequences.

Next Steps

- *Ecosystem Services:* Craig Partridge will draft some contextual language for the ecosystem services document, and Paula Swedeen will provide additional examples to add to the document. Tim Boyd will provide "sideboard" language related to flooding. The document will be brought back to the August meeting to determine what venue would be appropriate for its further development.
- *Green Building/embodied GHGs*: John Arum will provide SEPA language for this document and will consult with Edie about revisions to the write-up. Given that the increased use of wood products was one of the 2007 Climate Advisory Team's most promising strategies, the workgroup will request that the Energy Efficiency and Green Buildings Implementation Working Group (EE/GB IWG) consider wood products in addition to energy. The workgroup will suggest a

scope for the IWG that includes green building standards, carbon calculators, etc. The workgroup will send a similar request to the SEPA IWG. The workgroup will consider further action depending on feedback received from the other IWGs.

- *Parcels Database*: The group expressed consensus support for the existing proposal and agreed to establish a future subgroup to discuss overall data needs.
- *Smart Growth:* Workgroup members will check in with their constituents as needed and provide written comment on the draft Smart Growth/Avoided Conversion concept document by 7/16. A conference call will then be scheduled, at which time volunteers will form a drafting group.
- Afforestation/reforestation subgroup members are Nina Carter, Paula Swedeen, Michelle Connor, and Adrian Miller. Michelle Connor and Nina Carter will draft a straw proposal on urban reforestation for discussion at the August workgroup meeting.
- Forest management subgroup members are Adrian Miller, Tim Boyd, Edie Sonne Hall, Phil Rigdon, Paula Swedeen, Miguel Perez-Gibson, John Arum, and Craig Partridge. The subgroup members will read the homework materials distributed for the 7/9 meeting and hold a conference call to discuss the materials and schedule a subgroup meeting. (During subsequent discussion these were combined into a single meeting with a call-in option.
- Jerry Boese and Miguel Perez-Gibson will work to coordinate a conference call with KC Golden of Climate Solutions. This will be an optional call for workgroup members on the topic of the federal climate legislation in US Congress as it may apply to the forest sector.
- At an upcoming meeting the workgroup will receive a briefing on the status of the Oregon forest sector group, either from Cameron Smith or a Forestry workgroup member who is participating in the Oregon process.
- The co-leads will schedule a webinar with Dr. Mark Harmon of OSU to discuss the effect of rotation age on carbon storage in commercial second growth forests, possibly including the simultaneous consideration of storage in wood products.

Public Comment

Members of the public were given an opportunity to comment either in person or via phone. There were no comments from the public.

The meeting adjourned at 4:00 pm.